



New Retiree's Handbook

Uniformed Retirement System

A Guide For:
Regular Service, Early Service
and
Deferred Vested Retirees

2006

RETIREE HANDBOOK

RETIREMENT ISSUES – Uniformed Retirement System

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This booklet is a summary of information for Fairfax County Employees retiring on a regular or early service retirement. You can find more detailed information about these subjects in the Uniformed Retirement System Handbook and County Personnel Regulations and policies. (The Fairfax County Code will govern in the event of any error in this booklet.)

Fairfax County Retirement Agency

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www.fairfaxcounty.gov/retbrd/

Retirement Issues – Uniformed Retirement System

I'm Almost Ready To Retire . . . Is Retirement Counseling Available?

If you have not already received a personalized estimate of your retirement benefits, call the Retirement Agency at 703-279-8200. Employees with additional questions or concerns beyond what is covered in this handbook may choose to schedule an appointment with a retirement counselor.

All employees are encouraged to enroll in a Pre-Retirement workshop prior to scheduling a counseling appointment, as many questions will be answered at that time. These workshops explain how your retirement benefit estimate is calculated and provide information on your other County benefit options after retirement. For information about these workshops, and a schedule of dates and times, visit the Retirement Agency website at www.fairfaxcounty.gov/retbrd/ and click on "Retirement Training for Active Employees".

When Can I Retire? What Kind of Retirement Will I Be Eligible For?

To understand how your benefit is calculated, you need to understand the definition of the following:

Average Final Compensation (AFC): is the average of the highest consecutive 78 bi-weekly pay periods any time in your career (adjusted for any deferred merit increments in fiscal years 1992 and 1993). Periods of Leave Without Pay (LWOP) for approved Family and Medical Leave will be ignored when calculating highest consecutive pay periods. *Social Security Breakpoint:* is the average of the annual Social Security Maximum Wage Base for the last 35 years before you reach normal retirement age. This figure, based on your year of birth, changes each year as the Social Security Maximum Wage Base changes. Updated charts are published in the Uniformed Retirement System Handbook and in the *Courier*. Social Security Breakpoints are only used in calculating benefits for members covered under Plans A and B.

• **Normal Retirement:** You will be eligible to retire on your 55th birthday if you have at least six years of service or when you have at least 25 years of service. You may include your sick leave as service. Full-time (80 hour per week) employees earn one month of credit for each 172 hours of sick leave. Part-time employees earn credit for their sick leave based on their scheduled hours. Prorated sick leave for 24-hour shift personnel will be first converted to what the employee would have earned if he or she had been an 8-hour shift employee. Leave Without Pay (LWOP) except for approved Family and Medical Leave does not count as creditable service. Part-time employees earn a full year of creditable service toward their retirement eligibility for each year they work their scheduled hours.

Your normal retirement will be calculated as follows:

Plans A and B: 2.0% times your AFC (including sick leave but excluding all LWOP. The total is then increased by 3%.

- **Pre-62 Supplement for Plans A and B:** In addition, if you retire before age 62, you may be eligible for a supplemental benefit. The amount you will receive depends on the date you were hired, if you elected Plan A or Plan B and your age.

The basic amount of the Pre-62 Supplement for Plans A and B is calculated as follows: If you were hired before July 1, 1976, the basic amount of your supplement is equal to the primary Social Security benefit you would receive if you were age 65 at retirement. (This amount is calculated by the Social Security Administration at your request.) This benefit is then increased by 3%.

If you were hired on or after July 1, 1976 the basic amount of the supplement is a percentage of the primary Social Security benefit you would receive if you were age 65 at retirement. This percentage is determined by dividing your years of service with the County by 25 years (up to a maximum of 100%). This benefit is then increased by 3%.

The following chart shows the actual benefit you will receive each month depending on your age and the Plan you are in.

<i>Age</i>	<i>Plan A</i>	<i>Plan B</i>
less than age 55	no supplement payable	½ of the basic amount payable
age 55 to age 62	full basic amount payable	full basic amount payable
age 62 and older	excess (if any) of full basic amount over the earliest Social Security benefit you are eligible to receive (age 62)	excess (if any) of full basic amount over the earliest Social Security benefit you are eligible to receive (age 62)

- **Pre-Social Security Benefit for Plans A & B:** A second supplemental benefit is payable to member of Plans A & B who retire with a service retirement prior to the age at which they would be eligible for regular Social Security benefits. (See *chart on page 5.*) This additional benefit will equal 0.2% of average final compensation per year of service, increased by 3%. This benefit will be payable until the month following attainment of the age of eligibility for an unreduced Social Security benefit.

Plans C and D: 2.5% times your AFC times your service (including sick leave but excluding all LWOP). The total is then increased by 3%.

- **Pre-Social Security Benefit for Plans C & D:** An additional benefit is payable to all member of Plans C & D who retire prior to the age at which they would be eligible for regular Social Security benefits. (See chart below.) This additional benefit will be equal to

0.3% of average final compensation per year of service, increased by 3%. This benefit will be payable until the month following attainment of the age of eligibility for an unreduced Social Security benefit.

The Pre-Social Security Benefit shall not be subject to cost-of-living adjustments provided for under Section 3-3-45.

At such time as you are eligible for unreduced Social Security benefits, your Pre-Social Security Benefit will automatically cease. Eligibility for the Pre-Social Security Benefit is based on the age at which you are eligible to receive **unreduced** Social Security benefits.

Year of Birth	Year You Will Turn 62	Your Age for Full Benefits
1937 or earlier	1999 or earlier	65 years
1938	2000	65 years, 2 months
1939	2001	65 years, 4 months
1940	2002	65 years, 6 months
1941	2003	65 years, 8 months
1942	2004	65 years, 10 months
1943-1954	2005 – 2016	66 years
1955	2017	66 years, 2 months
1956	2018	66 years, 4 months
1957	2019	66 years, 6 months
1958	2020	66 years, 8 months
1959	2021	66 years, 10 months
1960 or later	2022 or later	67 years

If you are a part-time employee, your AFC and service are annualized (see the Uniformed Retirement System Handbook or call the Retirement Agency for more information).

- **Early Retirement:** You are eligible to retire early once you have 20 years of creditable service. To figure your early retirement benefit, multiply the amount you receive under the normal retirement formula (including any supplemental benefits to which you are entitled) by an early retirement percentage. This percentage is based on your age, years of creditable service at retirement and Plan. These early retirement percentages can be found in the Uniformed Retirement System Handbook.

- **Deferred Vested Retirement:** If you resign with at least five years of service and leave your contributions in the System, you may be eligible for a Deferred Vested Benefit. A deferred vested benefit is calculated in the same way as your normal retirement benefit (based on your salary and service with the County). You will begin to receive this benefit the month after you turn age 55. No supplemental benefit is payable.

- **Optional Spouse's Benefit:** If you should die before retiring with at least five years of service and you have named your spouse as your beneficiary, your spouse may elect within 180 days of your death to receive 50% of the regular service retirement you would be eligible for on the date of your death. This does not include any supplemental benefit. If your spouse does not elect this option, your designated beneficiary (or your estate) will receive a refund of your accumulated contributions and interest.

Applications and more information about all of the above are available from the Retirement Agency.

Decisions You Must Make at Retirement

- **When Should I Go?** There is no mandatory retirement age so you can continue working after you become eligible to retire. However, once you decide to retire, there are several things that you should consider in deciding when in the year you wish your retirement to become effective.

Pay for Performance Increases and Retiree COLAs: If possible, you may wish to wait until after the effective date of a Pay for Performance increase in order to have your AFC and annual leave/compensatory time payoff calculated at the highest possible salary or choose a date that will provide you with the highest possible prorated first year COLA on your retirement benefit.

Leave Implications: You may wish to retire before your excess annual leave is converted to sick leave or excess compensatory time is lost in January or, you may choose to wait until the excess annual leave is converted to sick leave which counts as creditable service.

Tax Implications: You may wish to choose a retirement date that allows your annual leave/compensatory time payoff to be paid after January 1 so that it will not be included as part of your taxable salary for your last year of employment.

- **Should I Elect a Joint and Last Survivor Option?** If you retire on a normal, early, service-connected disability or ordinary disability retirement you may elect a Joint and Last Survivor Option which entitles your surviving spouse to receive all or a percentage (50%, 66²/₃%, 75% or 100%) of your retirement benefit after your death. This benefit (with annual COLAs) will continue for your spouse's lifetime. This election must be made before you begin receiving benefits. If you elect this option, your benefit will be reduced. The amount of reduction depends on the difference in age between you and your spouse. If your spouse should die before you, your benefit will be increased to what it would have been had you not elected the option. In the event of divorce, your benefit's will be increased to what they would have been has a joint and last survivor option not been elected only in the event that the former spouse waives his or her rights to the benefits of the election, and the waiver of those rights is evidenced by a certified copy of a court order or decree. For more specific information about this option, contact the Retirement Agency.

• **Deductions/Taxes:** You will also have to make decisions about any deductions or tax withholding you may wish to have taken from your retirement check. You may request that deductions for County group term life, dental and health insurance premiums (assuming you had them as an active employee), as well as contributions (if any) to your credit union be taken from your retirement benefits. In addition, federal and Virginia state income tax will be withheld at your request. If you are liable for another state's taxes you will have to file estimated tax forms with that state.

Other Questions

• **Can My Benefits Be Assigned, Attached or Garnished?** No, except to the extent permitted by Virginia law for spousal and/or child support, Internal Revenue Service (IRS) tax levy and Chapter 13 bankruptcy court orders.

• **Will I Receive Cost-of-Living Adjustments (COLAs) as a Retiree?** Yes. Retirees receive COLAs based on the lesser of 4% or the Consumer Price Index increase for the Washington, D.C. area each year on July 1. COLAs are prorated in your first year of retirement.

• **Are My Benefits Taxed?** Retirement benefits are generally taxable. Contributions you made prior to January 1, 1985, however, have already been taxed and are not taxable again. According to IRS regulations, a small portion of these already-taxed contributions will be included in each of your retirement payments. At the end of each year, you will be sent a IRS Form 1099-R showing the taxable and previously taxed benefits paid to you that year along with the amount of any taxes you have had withheld.

• **What Information Will I Need to Retire?**

- ❖ A completed retirement application (see last section for blank forms)
- ❖ Birth Certificate for you
- ❖ Birth Certificate for your spouse
- ❖ Marriage Certificate
- ❖ If you are under age 62, you will also have to sign a release form so that we may request information about your benefits from Social Security

• **What Happens If I Return to Work For Fairfax County After I Retire?** If you are rehired to a position under your former appointing authority covered by the Uniformed Retirement System, your benefits will cease and you must again become a contributing member of the System. In essence you must "unretire." Then, when you re-apply for retirement, your new benefit will be the higher of either your previous benefit including applicable cost-of-living increases or a new benefit calculation which includes the creditable service and compensation received from the new position. If you are hired to a position covered by one of the other Fairfax County Retirement Systems, you retain your annuity but are barred from joining the new System. In addition, your combined monthly salary and

retirement benefits may not exceed the salary authorized for the then current maximum monthly salary for a Deputy County Executive, Grade E-14. If you exceed that cap, your retirement benefits will be reduced.

Your First Check

Retirement benefits are paid once a month on the last working day of the month. You will receive your first check at the end of the first full month in which you make no contributions to the Retirement System. Since your first check will include all retirement benefits earned from your date of retirement it is often larger than subsequent checks. For instance, if you retire September 10, you will receive your first retirement check the last working day of October. The check, however, will include your retirement annuity for October and the portion of September after you retired.

Direct Deposit

Direct Deposit is required for the payment of retirement benefits. With Direct Deposit you never need to worry about your check being lost in the mail. Then, even if you are away from home, sick in bed or facing inclement weather, you have the security of knowing that your funds have been automatically deposited on the last working day of the month.

You may have your funds deposited in nearly any bank, savings and loan or credit union. To sign up for Direct Deposit, complete the enclosed form. To change banks or account numbers or to report a lost check, call the Retirement Agency at 703-279-8200 or 1-800-333-1633.

Retiree Report/Other Information

It is important for you to keep abreast of changes in the laws that could affect your retirement and other benefits. One source for some of this information is the *Retiree Report*, published quarterly by the Retirement Agency. The *Retiree Report* is mailed to all County retirees and can be found online at www.fairfaxcounty.gov/retbrd.

Personnel Issues

Leave Payoff

When you retire, you are paid for your accumulated annual and compensatory leave. Sick leave is not paid but is used in the calculation of your retirement. There are several things to consider with regard to your leave payoff:

- Social Security Benefits — If you are eligible to receive Social Security benefits, your leave payoff could affect those benefits. This is because Social Security benefits are subject to an earnings cap and your leave payoff is considered earnings.

We recommend that you contact the Department of Human Resources, Payroll Division on this matter. The Payroll Division can give you a letter that explains your leave payoff to the Social Security Administration. The letter will show the dollar value of the leave you earned in prior years versus the value of the leave earned in the year you receive the leave payoff. *Only the leave you earned in the year you receive your leave payoff should be counted toward your Social Security earnings cap.*

- Federal and State Tax Withholding — Federal tax withholding is 28% on leave payoffs. State tax withholding is 5.75%. You have an option to raise or lower the standard withholding amount. To change the standard withholding, ask your payroll clerk for the form titled: *AUTHORIZATION TO CHANGE STANDARD WITH-HOLDING ON A LUMP SUM DISTRIBUTION*.

- Social Security and Medicare Tax Withholding — If you receive your leave payoff before the end of the tax year in which you retire, and you have reached the maximum earnings subject to Social Security earnings for that tax year, you will not have Social Security tax withheld from your leave payoff. Medicare tax will be withheld because there is no limit on the earnings that are subject to Medicare tax.

- Timing — Routinely, your leave payoff is received two weeks after your last paycheck. However, you can make arrangements to receive your leave payoff at the time you receive your last paycheck. This option is made available to retirees who are leaving the area or who find this a more convenient way to handle their final compensation.

For information and assistance, call the Payroll Division at 703-324-3412.

Health Insurance

If you are enrolled in one of the County's health insurance plans when you retire, you and your dependents are eligible to continue to be covered by one of the County's health insurance plans. If you are not enrolled in one of the County's health insurance plans at retirement, or if you ever drop your coverage after retirement, you will be asked to sign a form acknowledging that you will **NOT** be able to enroll in one of the County's retiree health insurance plans in the future.

At retirement, you may remove dependents from your coverage but you cannot change plans unless your residence is outside of your current plan service area. In addition, if you are over age 65 at retirement and have CIGNA or Kaiser, you must change to CareFirst BCBS. After you retire you may drop dependents at any time but you may only add dependents or change plans during Open Enrollment for retirees (generally held in October each year). If, however, you live beyond the boundaries of your plan's service area or move beyond the boundaries of your plan's service area, you will be ineligible to continue with that plan. You may enroll in another health plan for which you are eligible if you make the request to the Retirement Agency within 60 days of when you become ineligible.

When you or your spouse become eligible for Medicare after retirement (see section on Medicare), you are required to sign up for both Part A and Part B. If you do not sign up when you become eligible, and you are enrolled in the FairChoice+ or the Blue Preferred PPO plan, you will be responsible for paying the portions of your claims that Medicare would have paid.

If you are enrolled in Kaiser or CIGNA as a retiree, when you or your spouse become eligible for Medicare, you both must change to BCBS; either CareFirst FairChoice+ BlueChoice if your address falls within their service area or to CareFirst Blue Preferred PPO if your address is outside the HMO service area. You must cancel your coverage or change to another plan for which you are eligible within 60 days of Medicare eligibility.

Current rates for the health plans available to retirees are available from the Retirement Agency. As a retiree, you pay the full cost of your health insurance. If you keep your health insurance coverage through Fairfax County, the County will pay a subsidy toward the cost of your County health insurance premium.

The health insurance subsidy is calculated according to age and years of service – please see rates and subsidy information in attached documentation.

If you retire with an ordinary disability, your subsidy will be effective at the time of retirement and will be calculated based on your age and years of service. If you retire with a service-connected disability, your subsidy will start at the time of your retirement and will be \$220 per month.

If you should die after retirement, and have retired on a regular service retirement, your surviving spouse and/or dependents may continue to be covered by County health insurance only if they were covered by County health insurance at the time of your death. If your surviving spouse receives a survivor's benefit (see section on Joint and Last Survivor's Benefit), the premiums will be deducted from your surviving spouse's retirement check. If you were receiving a subsidy at your death, your surviving spouse will continue to receive it if he/she is over age 55. If you were not yet eligible or if your spouse is under age 55, your widow/widower will begin to receive your subsidy amount when he or she turns age 55.

If your surviving spouse does not receive survivor benefits from the County, he or she may continue to be enrolled in the health insurance plan until remarriage by sending a

check for the premium (payable to **County of Fairfax**) to the Retirement Agency each month. These surviving spouses are not eligible to receive the health subsidy. Surviving dependents may also continue to be enrolled in the health insurance plan by sending in a monthly check for the premium until they turn 23 or lose their status as an eligible dependent.

The County reserves the right to make changes in the health plan benefits so they may not continue at the same level that exists when you retire.

If you have questions or problems with your health insurance, call the plan's customer service representatives directly. If you want to make changes to your coverage, contact the Retirement Agency at 703-279-8200 or 1-800-333-1633.

Dental Insurance

Retirees who are covered by dental insurance when they retire may continue to have dental insurance premiums deducted from their checks. Rules for surviving spouses and dependents are the same as for health insurance.

Group Term Life Insurance

If you are covered by the County's Group Term Life Insurance when you retire, you may continue to be covered as a retiree. Your share of the premiums will be deducted from your retirement check and the County will continue to pay a portion of the premium. The first of the month following retirement, your basic and, if applicable, optional term life shall reduce to 65% of the amount that was in effect immediately prior to the date of your retirement if it has not already been reduced due to attainment of age 65 as an active employee. The month following your attainment of age 70, the value of your coverage is reduced to 30% of the amount that was in effect on your retirement date. You also have the option of reducing your coverage at retirement or anytime thereafter, to a coverage amount of your choice. If you elect the \$12,500 level of coverage, there will be no reduction in coverage. The accidental death and dismemberment provision of the policy terminates at your retirement.

You will be given several options regarding your life insurance when you retire. The options available to you depend on the coverage you have as an employee. **In all options, retirees may discontinue coverage altogether.**

At retirement, employee may elect any Life Insurance option from those listed below that is equal to or less than current coverage level.

- Reduce coverage to \$12,500 or less – Retiree will pay for ½ of the coverage at age banded rates
- Basic coverage – Retiree will pay for ½ of the coverage at age banded rates
- Basic + 1 x salary – Retiree will pay for ½ of the coverage at age banded rates

- Basic + 2 x salary – Retiree will pay for $\frac{2}{3}$ of the coverage at age banded rates
- Basic + 3 x salary – Retiree will pay for $\frac{3}{4}$ of the coverage at age banded rates
- Basic + 4 x salary – Retiree will pay for $\frac{4}{5}$ of the coverage at age banded rates

Note: Any retiree age 80 or older with total coverage of \$12,500 or less will have the group term life premium fully paid by the County.

Premiums per \$1,000 of life insurance effective for retirees after January 1, 2005 are:

AGE	RATE per \$1,000
30-49	\$0.15
50-59	\$0.29
60-79	\$0.47
80-84	\$4.02
85-89	\$6.81
90-94	\$19.99

For information about premiums, call the Retirement Agency at 703-279-8200 or 1-800-333-1633. To change your beneficiary or if you have questions about your life insurance coverage, call the Department of Human Resources at 703-324-4917.

Long Term Disability (Salary) Insurance

If you have had Long Term Disability Insurance with CIGNA for at least twelve consecutive months prior to your retirement and you will be gainfully employed elsewhere, you are eligible to convert to a disability conversion insurance plan. Payment for this coverage cannot be deducted from your retirement check. You have 31 days from the date of your retirement to submit an application for automatic conversion. If you apply for the new coverage more than 31 days after your retirement you will be required to supply evidence of insurability. For a conversion application contact the Department of Human Resources, Employee Benefits Division at (703) 324-4917.

Flexible Spending Accounts

- Dependent Care Assistance Program: Your pre-tax deductions cease with your last regular paycheck. However, you may continue to submit claims for eligible expenses for the plan year until March 31 of the following year and/or until your account balance is exhausted. Claims questions should be directed to Ceridian Benefits Services at 1-877-799-8820.

- Medical Spending Account: Your pre-tax deductions cease with your last regular paycheck. You then have 90 days to submit claims for medical expenses incurred from the

beginning of the plan year until the date of your last regular paycheck. If you do not have sufficient claims incurred to completely exhaust your account, the remaining balance will be forfeited unless you make arrangements to continue making your contributions on an after-tax basis to your Medical Spending Account directly to the Department of Human Resources. You can continue to make contributions until the end of the plan year or you may stop earlier (i.e. when you have incurred enough medical expenses to exhaust your account) by contacting the Department of Human Resources, Employee Benefits Section at 703-324-4917. For more information, call Ceridian Benefits Services at 1-877-799-8820.

Deferred Compensation Plans

As a retiree, you may not contribute to the Deferred Compensation Plan. Your account with T. Rowe Price, ICMA and/or VALIC will continue to accumulate earnings based on the investments you choose and you will continue to receive quarterly statements. You may continue to transfer your money among funds within each company and transfer money between the two companies provided you have not yet begun to receive payments.

When you retire, you will receive a letter from the Department of Human Resources explaining your payout options. For more information, contact the Department of Human Resources, Benefits Division at 703-324-4917.

Long Term Care Insurance

Long Term Care Insurance may be available to you through a group plan with Fairfax County. By filling out a short form/questionnaire, you can receive information on rates and insurability. For more information, please call Aetna at 1-800-537-8521 or visit www.aetna.com/group/fairfaxcounty. Fairfax County does not contribute to Long Term Care Premiums and they cannot be deducted from your retirement annuity.

Savings Bonds

If you are having money deducted for a Savings Bond when you retire but do not have enough to cover the purchase of an entire bond, you will receive a refund for the partial deduction.

Charitable Contributions

Your charitable contributions will automatically cease with your last regular paycheck. If you wish to fulfill your pledge you may contact: Fairfax-Falls Church United Way, 8381 Old Courthouse Road, Suite 140, Vienna VA 22180-3818 or call 703-847-0400.

Beneficiary and Address Changes

When you retire, you will be asked to name a beneficiary to receive the balance of your contributions should you die before they are exhausted. If your beneficiary or address changes, you must notify the Retirement Agency by calling 703-279-8200 or 1-800-333-1633.

However, notifying the Retirement Agency will not change your beneficiary or address for your other benefits. If your beneficiary or address changes, contact the Department of Human Resources, Benefits Division or the Company providing the benefit directly.

Miscellaneous Notes

- If you are moving when you retire, remember to notify your payroll clerk of your new address so your W-2 Form will not be delayed.
- All employees must complete the Employee Clearance Record before retiring. Ask your payroll clerk about this.

Other Issues

Credit Union

You may continue to be a member of the Fairfax County Employees Credit Union after you retire. Deductions to the Credit Union may be taken from your retirement check and you may elect to have your retirement benefit directly deposited into your Credit Union account. If you have a loan with the Credit Union and are making payments from your paycheck, you must contact the Credit Union and let them know to begin taking the payments from your retirement check instead. For more information, contact the Fairfax County Employees Credit Union at 4201 Members Way, Fairfax, VA 22030 or call 703-218-9900.

Fitness Center

Retirees are eligible to use the exercise equipment in the Fitness Center in the Government Center. Hours and cost are the same as for active employees. In addition, there are aerobics and other exercise classes offered at the Fitness Center for minimal fees. For more information stop by the Fitness Center.

Prohibition Regarding Future Employment Activities

For one year after your employment with Fairfax County ends, you may not be involved in certain activities in your subsequent employment. You may not assist anyone (other than another governmental agency) with respect to any matter you participated in while in County service, if your participation as a County employee involved a decision, approval, or recommendation with respect to the matter. For more information or a copy of the policy, contact the Department of Human Resources.

Social Security and Medicare

- **Social Security:** Most retirees born before 1938 are eligible to receive unreduced Social Security retirement benefits at age 65 (increasing to age 67 for those born in 1960 or after - see table on page 2). Reduced benefits are available as early as age 62). You may be eligible to receive those benefits based on your own earnings or on the earnings of your current or former spouse. In addition, Social Security provides benefits for those who are disabled and for surviving spouses and children. Surviving spouses (including divorced spouses) may be eligible to receive survivor benefits as early as age 60 or earlier if they are disabled or caring for eligible children. Social Security also provides Supplemental Security Income (SSI) benefits for those with low incomes and limited assets who are blind, disabled or over age 65.

For more information or to apply for benefits call Social Security at 1-800-772-1213. For retirement benefits, its best to call up to three months before the month you plan to begin receiving benefits.

During the first calendar year in which you collect Social Security benefits you will be paid for each month in which your earnings do not exceed a limit based on your age. After the first year, if your *annual* earnings exceed certain limits, your benefits will be reduced. Therefore, if you retire late in one calendar year and you receive payment for your annual leave and compensatory time in the next calendar year, your benefits could be affected since your leave pay off may cause you to exceed your annual earnings cap. In that case you may request a letter from the Department of Human Resources, Payroll Division at 703-324-3339 that informs the Social Security Administration that the leave was earned in a prior year (*see section on Leave Payoff*).

- **Medicare:** If you are age 65 or receive Social Security disability benefits you may be eligible for Medicare. (*Fairfax County retirees covered by one of the County's health insurance plans are not covered by an employer's health plan but are in a retiree's health plan.*) Medicare has two parts. Part A is free and pays for covered inpatient hospital care while Part B costs \$88.50 for calendar year 2006 (deducted from your Social Security check) and covers doctors' services, outpatient hospital care and other medical services. Those enrolled in one of the County health insurance plans as a retiree are required to sign up for both Part A and Part B when first eligible.

If you are receiving Social Security benefits you will automatically be enrolled in Medicare when you become eligible. If you are not receiving Social Security benefits, you

must contact the Social Security Administration at 1-800-772-1213 up to three months before the month in which you turn age 65 to sign up for Medicare. If you do not sign up for Medicare Part B when first eligible you may be assessed a 10% penalty for each year that you are not enrolled. However, if you are over age 65 when you retire, you may avoid the penalty by requesting a form from Social Security Administration to be filled out by the Department of Human Resources, Benefits Division which informs Medicare that you were enrolled in an employers health plan until the date of your retirement.

Medicare Part A pays most costs for inpatient hospital, skilled nursing facilities, home health and hospice care. Part B pays many of the costs for doctors' services; outpatient hospital services; home health visits; diagnostic X-rays, laboratory and other tests; certain ambulance services; and some other medical services and supplies. Both Part A and B require you to pay deductibles and some portion of the cost of covered services. Currently, Medicare provides no coverage for prescription drugs, dental care, and long-term custodial or nursing home care.

Many companies offer supplemental "Medigap" policies to cover some or all of your "out-of-pocket" expenses that Medicare does not pay. Most provide little or no coverage for prescription drugs. Make sure you research any plan you consider participating with.

The County's health insurance plans are not Medigap plans but still pay many of your out-of-pocket and prescription drug expenses. Generally, you will still be required to pay the same deductibles and co-payments for your medical care that you paid before you had Medicare but in most cases, your monthly premium costs are reduced significantly. Also, if you are covered by a County health insurance plan you may not be eligible to be covered by a Medigap plan.

For more information, contact Medicare for the publication entitled *Guide To Health Insurance For People With Medicare* available from: Medicare Publications, 1-800-MEDICARE (1-800-633-4227) or at <http://www.medicare.gov/Publications/Home.asp> and search the list of available publications. Medicare should not be confused with Medicaid. Medicaid is the health plan for low-income individuals with limited assets and is usually operated by State welfare or human service agencies. Social Security and Medicare information is available at the following websites: www.socialsecurity.gov and www.medicare.gov respectively.

Laws governing Medicare, Medicaid and health insurance are subject to change. Watch the *Retiree Report* and other media for information.

Area Agency on Aging

Fairfax County has a reputation of being one of the best places in the country to find any type of service for the elderly. These include senior centers throughout the County where classes and activities are held; many publications geared to the needs of the elderly; home based care programs providing meals, regular visits and other care for the homebound; help with housing, medical forms, and other needs; as well as many opportunities for volunteering and recreation tailored to seniors.

Many of these services are provided through the County's Area Agency on Aging. For more information about their programs call the Area Agency on Aging at 703-324-5411 (TDD 703-803-7914).

Most communities are served by their own Area Agencies on Aging or other government agency providing similar services. Consult your phone directory for more information.

Volunteer Opportunities

The Seniors in Action (SIA) is a Fairfax County program matching volunteers age 55 and over with community needs. Over 250 nonprofit agencies and organizations throughout Northern Virginia provide a wide range of volunteer opportunities. Volunteers may work 3-4 hours per week or more on activities including working in hospitals and mental health centers; reading to the visually handicapped; working with children as tutors, school aides, or living historians; organizing activities and crafts in nursing homes; helping in libraries; participating in archeological projects; conducting historic tours; serving on organizational boards, commissions and committees; assisting in environmental projects; working in nonprofit thrift/gift shops; assisting the handicapped; providing transportation; conducting research/ data collection; working with computers; and providing clerical/office support. For information contact 703- 324-5411 and ask for the volunteer intake person (VIP) for Seniors in Action.

Retiree Association

The Fairfax County Fire and Rescue Retirement Association is open to any retiree from the Fire and Rescue Department. For more information call or e-mail Tom Simcoe at 703-455-2001 or e-mail him at mouse260@msn.com. Annual dues is \$24.00 At the present time there are no retiree groups organized for other members of the System.

Appendix

Health Insurance Rates

Retirement Application

Retiree Association Information